

RECORDATION NO. 25405 FILED

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JAN 12 '05 2-56 PM  
SURFACE TRANSPORTATION BOARD

ELIAS C. ALVORD (1942)  
ELLSWORTH C. ALVORD (1964)

OF COUNSEL  
URBAN A. LESTER

January 12, 2005

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Loan and Security Agreement, dated as of December 29, 2004, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Lender:	LaSalle Bank National Association 135 South LaSalle Street Chicago, IL 60603
Borrower:	Railpower Hybrid Technologies Corp. Suite 202, 50 Fell Avenue North Vancouver, British Columbia Canada V7P 3S2

Mr. Vernon A. Williams  
January 12, 2005  
Page 2

A description of the railroad equipment covered by the enclosed document  
is:

6 locomotives: RPRX 2401 - RPRX 2405 and UPY 2004.

A short summary of the document to appear in the index is:

Memorandum of Loan and Security Agreement.

Also enclosed is a check in the amount of \$32.00 payable to the order of  
the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the  
undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm  
Enclosures

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**MEMORANDUM OF LOAN AND SECURITY AGREEMENT**

JAN 12 '05

2-56 PM

**SURFACE TRANSPORTATION BOARD**

This Memorandum of Loan and Security Agreement is made and entered into as of December 29, 2004, by and between RAILPOWER HYBRID TECHNOLOGIES CORP. (hereinafter referred to as "Borrower") and LASALLE BANK NATIONAL ASSOCIATION (hereinafter referred to as "Lender") respecting that certain Loan and Security Agreement (hereinafter referred to as the "Loan Agreement") dated as of December 29, 2004, between Borrower and Lender.

Borrower and Lender hereby affirm and acknowledge that: Lender has agreed to loan to the Borrower and the Borrower has agreed to borrow from the Lender and grant the Lender a first priority security interest in the locomotives identified in Schedule 1.1(a) attached hereto, effective as of the date hereof and subject to the terms defined in the Loan Agreement.

IN WITNESS WHEREOF, each of the parties hereto, pursuant to due corporate authority, has caused this Memorandum of Loan and Security Agreement to be duly executed in its corporate name by its officers, thereunto duly authorized, all as of the date first above written.

**BORROWER:**

**LENDER:**

RAILPOWER HYBRID.  
TECHNOLOGIES CORP.

LASALLE BANK  
NATIONAL ASSOCIATION

By: Peter M. Ballachey

By: Craig A. Schuth

Name: Peter M. Ballachey

Name: \_\_\_\_\_

Title: Chief Financial Officer

Title: Craig A. Schuth  
Assistant Vice President

PROVINCE OF )  
 ) SS:  
BRITISH COLUMBIA )

On this 7 of January, 2005, before me personally appeared Peter Ballachey, to me personally known, who being duly sworn, stated that he is Chief Financial Officer of RAILPOWER HYBRID TECHNOLOGIES CORP., that said instrument was signed on behalf of said corporation by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My Commission Expires

**KENNETH B. SHERK, B.A., T.T.**  
NOTARY PUBLIC  
#300 - 1497 MARINE DRIVE  
WEST VANCOUVER, B.C. V7T 1B8  
TEL: 922-5972  
FAX: 922-4686

CANADA  
PROVINCE OF BRITISH COLUMBIA  
PERMANENT COMMISSION

STATE OF IL )

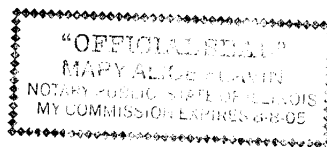
SS:

COUNTY OF Cook )

On this 11th of Jan., 2005, before me personally appeared Craig A. Schieth, to me personally known, who being duly sworn, stated that he is the Asst. V. P. of LASALLE BANK NATIONAL ASSOCIATION, that said instrument was signed on behalf of said banking corporation by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My Commission Expires



**Schedule 1.1(a)**

LOCOMOTIVE UNITS

REPORTING MARKS

RPRX2401

RPRX2402

RPRX2403

RPRX2404

UPY2004

RPRX2405